

AA# 3/16/2004



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SECURITIES

COMMISSION
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 26184

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2003 AND ENDING December 31, 2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Ascher/Decision Services, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

625 Fair Oaks Avenue, Suite 343

(No. and Street)		
Pasadena	California	91030
(City)	(State)	(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Stephen Ascher

(626) 683-0000

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Kevin G. Breard, CPA An Accountancy Corporation

(Name — if individual, state last, first, middle name)

9010 Corbin Avenue, Suite 7	Northridge	California	91324
(Address)	(City)	(State)	Zip Code

CHECK ONE:

- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 19 2004

FOR OFFICIAL USE ONLY	THOMSON FINANCIAL
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (3-91)

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AA# 3/18/2004

OATH OR AFFIRMATION

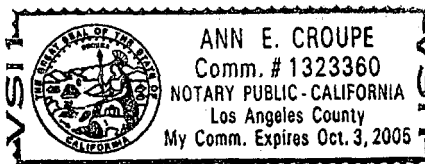
I, Stephen Ascher, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Ascher Decision Services, Inc., as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

State of CALIFORNIA
County of LOS ANGELES
Subscribed and sworn (or affirmed) to before me this 15 day of JANUARY 2004

Stephen Y. Ascher
Signature

Title

Ann E. Croupe
Notary Public



This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in ~~Financial Condition~~ Cash Flows
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

KEVIN G. BREARD, C.P.A.
AN ACCOUNTANCY CORPORATION

Independent Auditor's Report

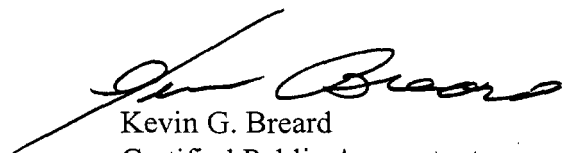
Board of Directors
Ascher Decision Services, Inc.

I have audited the accompanying statement of financial condition of Ascher Decision Services, Inc. as of December 31, 2003, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ascher Decision Services, Inc. as of December 31, 2003, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Schedules I-III are presented for purposes of additional analysis and is not required as part of the basic financial statements, but as supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subject to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole and in conformity with the rules of the Securities and Exchange Commission.



Kevin G. Breard
Certified Public Accountant

Northridge, California
February 16, 2004

NORTHRIDGE OFFICE PLAZA
9010 CORBIN AVENUE, SUITE 7
NORTHRIDGE, CALIFORNIA 91324
(818) 886-0940 • FAX (818) 886-1924
BreardCPA@aol.com

Ascher Decision Services, Inc
Statements of Financial Condition
December 31, 2003

Assets

Cash and cash equivalents	\$ 48,846
Property and equipment, net of \$27,553 accumulated depreciation	6,443
Deposits	1,905
Deferred income taxes	<u>7,408</u>

Total assets	<u>\$ 64,602</u>
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Liabilities & Stockholders' Equity

Liabilities

Accounts payable	\$ 4,171
Income taxes payable	<u>3,082</u>

Total liabilities	7,253
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Stockholders' equity

Preferred stock, no stated value, 210 shares authorized and issued, 45 shares outstanding	210,000
Liquidation preference - \$1,000	
Common stock, \$1.00 par value, 1,000,000 authorized, 6,666 shares issued and outstanding	6,666
Additional paid-in capital	67,334
Accumulated deficit	(61,651)
Preferred stock in treasury - 165 shares	<u>(165,000)</u>

Total stockholders' equity	<u>57,349</u>
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Total liabilities & stockholders' equity	<u>\$ 64,602</u>
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The accompanying notes are an integral part of these financial statements.

Ascher Decision Services, Inc
Statement of Operations
For the Year Ended December 31, 2003

Revenues

Services fees	\$ 87,005
Interest and dividend income	20
Other income	<u>1,200</u>
Total revenue	88,225

Expenses

Employee compensation and benefits	2,699
Communications	7,768
Occupancy and equipment rental	18,465
Other operating expenses	<u>68,961</u>
Total expenses	<u>97,893</u>

Income (loss) before income tax provision (9,668)

Income tax provision

Income tax provision, including deferred income benefits of (\$35) 3,847

Total income tax provision 3,847

Net income (loss) \$ (13,515)

The accompanying notes are an integral part of these financial statements.

Ascher Decision Services, Inc
Statement of Changes in Stockholders' Equity
For the Year Ended December 31, 2003

	<u>Preferred Stock</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Treasury Stock- Preferred</u>	<u>Total</u>
Balance, at December 31, 2002	\$ 210,000	\$ 6,666	\$ 67,334	\$ (48,136)	\$(165,000)	\$ 70,864
Net income (loss)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(13,515)</u>	<u>—</u>	<u>(13,515)</u>
Balance, at December 31, 2003	<u>\$ 210,000</u>	<u>\$ 6,666</u>	<u>\$ 67,334</u>	<u>\$ (61,651)</u>	<u>\$(165,000)</u>	<u>\$ 57,349</u>

The accompanying notes are an integral part of these financial statements.

Ascher Decision Services, Inc
Statement of Cash Flows
For the Year Ended December 31, 2003

Cash flow from operating activities

Net income (loss)		\$ (13,515)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	\$ 2,512	
(Increase) decrease in:		
Accounts receivable	7,500	
Deposits	1,108	
Deferred income taxes	(35)	
(Decrease) increase in:		
Income taxes payable	3,082	
Accounts payable	<u>(34)</u>	
Total adjustments		<u>14,133</u>
Net cash and cash equivalents provided by operating activities		618

Cash flows from investing activities

Purchase of computer and equipment	<u>(2,300)</u>	
Net cash and cash equivalents used by investing activities		(2,300)

Cash flows from financing activities

Net decrease in cash and cash equivalents		(1,682)
Cash and cash equivalents at the beginning of the year		<u>50,528</u>
Cash and cash equivalents at the end of the year		<u><u>\$ 48,846</u></u>

Supplemental disclosure of cash flow information

Cash paid during the period ended December 31, 2003		
Income taxes	\$ 800	
Interest	\$ -	

The accompanying notes are an integral part of these financial statements.

Ascher Decision Services, Inc
Notes to Financial Statements
December 31, 2003

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Ascher Decision Services, Inc (the "Company") was incorporated in the state of California on March 5, 1981 and is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") in the business of securities brokerage and investment counseling. The Company is 75% owned by Stephen Y. Ascher, 20% owned by Quantum Leap Institute and 5% owned by Catherine Ascher. The Company is a member of the National Association of Securities Dealers ("NASD") and the Securities Investor Protection Corporation ("SIPC").

The Company conducts business on a fully disclosed basis whereby the execution and clearance of trades are handled by another Broker/Dealer. The Company does not hold customer funds and/or securities.

The Company earns advisory fees for its involvement in occasional investment banking deals.

Summary of Significant Accounting Principles

The presentation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Securities transactions are recorded on a settlement date basis.

For purposes relating to the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company also includes money market accounts as cash equivalents.

Property and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized. Property and equipment are depreciated over their estimated useful lives ranging from five (5) to (7) years by the straight-line method.

Ascher Decision Services, Inc
Notes to Financial Statements
December 31, 2003

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Current income taxes are provided for estimated taxes payable or refundable based on tax returns filed on the cash basis of accounting. Deferred income taxes are recognized for the estimated future tax effects attributable to temporary differences in the basis of assets and liabilities for financial and tax reporting purposes. Measurement of current and deferred tax assets and liabilities is based on provisions of enacted federal and state tax laws.

The Company accounts for its income taxes using the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 109, "Accounting for income taxes", which requires the establishment of a deferred tax asset or liability for the recognition of the future deductible or taxable amounts and operating loss and tax credit carry forwards. Deferred tax expenses or benefits are recognized as a result of the changes in the assets and liabilities during the year.

Note 2: PROPERTY AND EQUIPMENT

The furniture, and equipment are recorded at cost.

		<u>Depreciable Life Years</u>
Computer equipment	\$ 28,928	5
Furniture & equipment	<u>5,068</u>	7
	33,996	
Less accumulated depreciation	<u>(27,553)</u>	
Net furniture and equipment	<u><u>\$ 6,443</u></u>	

Depreciation expense for the year ended December 31, 2003 was \$2,512.

Note 3: RELATED PARTY TRANSACTIONS

During the year ended December 31, 2003, the Company leased office space which it shared with another entity, whereby one of the officers of the Company is also an officer in the other entity. The Company is reimbursed by the entity rent and other related expenses on a monthly basis. In addition, the Company provides accounting and administrative services to the other entity. During the year ended December 31, 2003, the Company received \$96,369 from the other entity, included in service fees income and other operating expenses.

The Company paid to one of its officers \$46,710 for consulting services, included in other operating expenses.

Ascher Decision Services, Inc
Notes to Financial Statements
December 31, 2003

Note 4: INCOME TAXES

The income tax provision consists of the following:

Current federal income taxes	\$ 1,601
Current state income taxes	<u>2,281</u>
Current income tax provision	3,882
 Federal deferred tax benefits	 1
State deferred tax benefits	<u>(36)</u>
Deferred tax benefits	<u>(35)</u>
 Total income tax benefits	 <u>\$ 3,847</u>

The income tax benefits are composed of deferred taxes, net of the state franchise tax. Deferred taxes are the result of timing differences arising from different methods of depreciation used for income tax accounting and accounting principles generally accepted in the United States of America.

Note 5: REDEEMABLE PREFERRED STOCK

The Company may redeem all of the preferred shares, at a price equal to the sum of the following:

- (i) \$1,000 for each preferred share, plus
- (ii) an amount equal to all dividends declared but unpaid, plus
- (iii) the issuance of common shares in an amount such that, after the issuance of such common shares, the holders of the preferred shares will then hold 5% of the Company's issued and outstanding common shares.

In the event of liquidation of the Company, the holders of the preferred shares shall be entitled to receive a preferential distribution from the assets of the Company in an amount equal to \$1,000 per preferred share.

In conjunction with the purchase of 65 shares of the Company's preferred stock in 2002 and in anticipation of the ultimate redemption of the entire outstanding preferred shares, the preferred shareholders have agreed to delay the issuance of the common stock as required as described in item (iii) in the above paragraph until such outstanding shares have been fully redeemed.

Ascher Decision Services, Inc
Notes to Financial Statements
December 31, 2003

Note 6: RECENTLY ISSUED ACCOUNTING STANDARDS

In January 2003, the FASB issued Interpretation 46, *Consolidation of Variable Interest Entities*. In general, a variable interest entity is a corporation, partnership, trust, or any legal structure used for business purposes that either (a) does not have interest entity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. Interpretation 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of Interpretation 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to transactions entered into prior to February 1, 2003 in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The adoption of the Interpretation on July 1, 2003 did not have a material impact on the Company's financial statements.

In April 2003, the FASB issued SFAS 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*, which amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS 133. The Statement is effective for contracts entered into or modified after June 30, 2003. The adoption of this Statement did not have a material impact on the Company's financial statements.

In May 2003, The FASB issued SFAS 150, *Accounting for Certain Financial Instruments with Characteristic of both Liabilities and Equity*. The Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer clarify a financial instrument that is within its scope as a liability (or an asset in some circumstances). It is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of this Statement did not have a material impact on the Company's financial statements.

Note 7: COMPUTATION OF NET CAPITAL

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and aggregate indebtedness change day to day, but on December 31, 2003, the Company had net capital of \$41,522 which was \$36,522 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$7,253) to net capital was 0.11 to 1, which is less than the 15 to 1 maximum ratio allowed for a broker/dealer.

Ascher Decision Services, Inc
Notes to Financial Statements
December 31, 2003

Note 8: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS

There is a difference between the computation of net capital under net capital Sec. Rule 15c3-1 and the corresponding unaudited focus part IIA

Net capital per unaudited schedule		\$ 55,741
Adjustments:		
Accumulated deficit	\$ (16,724)	
Non-allowable assets	2,499	
Haircuts on money market	<u>6</u>	
Total adjustments		<u>(14,219)</u>
Net capital per audited statements		<u>\$ 41,522</u>

Ascher Decision Services, Inc
Schedule I - Computation of Net Capital Requirements
Pursuant to Rule 15c3-1
As of December 31, 2003

Computation of net capital

Preferred stock	\$ 210,000	
Common stock	6,666	
Additional paid-in capital	67,334	
Accumulated deficits	(61,651)	
Preferred stock in treasury	<u>(165,000)</u>	
Total stockholders' equity		\$ 57,349
Less: Non-allowable assets		
Property and equipment, net	(6,443)	
Deposits	(1,905)	
Deferred income taxes	<u>(7,408)</u>	
Total non-allowable assets		<u>(15,756)</u>
Net capital before haircuts		41,593
Less:		
Haircut on money market account	<u>(71)</u>	
Total adjustments to net capital		<u>(71)</u>
Net Capital		41,522

Computation of net capital requirements

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$ 484	
Minimum dollar net capital required	5,000	
Net capital required (greater of above)		<u>5,000</u>

Excess net capital **\$ 36,522**

Percentage of aggregate indebtedness to net capital 0.11:1

There was a difference of \$14,219 in the net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated December 31, 2003 (See note 8)

See independent auditor's report

Ascher Decision Services, Inc
Schedule II - Computation for Determination of Reserve
Requirements Pursuant to Rule 15c3-3
As of December 31, 2003

A computation of reserve requirement is not applicable to Ascher Decision Services, Inc as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(ii).

See independent auditor's report

Ascher Decision Services, Inc
Schedule III - Information Relating to Possession or Control
Requirements Under Rule 15c3-3
As of December 31, 2003

Information relating to possession or control requirements is not applicable to Ascher Decision Services, Inc as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(ii).

See independent auditor's report

Ascher Decision Services, Inc.
Supplementary Accountant's Report
on Internal Accounting Control
Report Pursuant to 17a-5
For the Year Ended December 31, 2003

KEVIN G. BREARD, C.P.A.
AN ACCOUNTANCY CORPORATION

Board of Directors
Ascher Decision Services, Inc.

In planning and performing my audit of the financial statements and supplemental schedules of Ascher Decision Services, Inc. for the year ended December 31, 2003, I considered its internal control structure, for the purpose for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, I have made a study of the practices and procedures followed by Ascher Decision Services, Inc. including tests of such practices and procedures that I considered relevant to objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, I did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control structure and the practice and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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NORTHRIDGE OFFICE PLAZA
9010 CORBIN AVENUE, SUITE 7
NORTHRIDGE, CALIFORNIA 91324
(818) 886-0940 • FAX (818) 886-1924
B r e a r d C P A @ a o l . c o m

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted no matters involving the internal control structure, including procedures for safeguarding securities, that I considered to be material weakness as defined above.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purpose in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate material inadequacy for such purposes. Based on this understanding on my study, I believe that the Company's practices and procedures were adequate at December 31, 2003 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies which rely on rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.



Kevin G. Breard
Certified Public Accountant

Northridge, California
February 16, 2004